

ANALYSIS

Item 7: Department of Human Services/Oregon Health Authority Non-State Employee Collective Bargaining

Analyst: Gregory Jolivette

Request: Acknowledge receipt of a report on non-state employee collective bargaining; allocate \$74,710,929 General Fund from the special purpose appropriation to the Emergency Board for non-state employee compensation changes and increase Federal Funds expenditure limitation by \$131,959,378 for the Department of Human Services; and allocate \$289,071 General Fund from the special purpose appropriation made to the Emergency Board for non-state employee compensation changes and increase Federal Funds expenditure limitation by \$395,933 for the Oregon Health Authority to cover estimated non-state employee collective bargaining costs.

Analysis: The Department of Human Services (DHS) and Oregon Health Authority (OHA) are requesting funds to cover the cost of non-state employee collective bargaining agreements. This includes approximately 12,000 personal support workers and 14,000 home care workers who collectively serve an estimated 24,000 Oregonians monthly. Personal Support Workers serve DHS Intellectual/Developmental Disabilities (I/DD) clients and Home Care Workers care for Aging and People with Disabilities (APD) clients. To a much lesser extent, the OHA budget supports collective bargaining agreements for Personal Care Attendants in adult mental health foster homes.

The table below shows key provisions of the agreements, with estimated 2025-27 costs of \$207.4 million total funds (\$75 million General Fund and \$132.4 million Federal Funds).

DHS/OHA 2025-27 Estimated Cost of Non-State Employee Bargaining			
Personal Support Workers and Home Care Workers ^a	GF	FF	TF
\$1.25 per hour increase - Jan 1, 2026 ^b	28,811,337	50,777,991	79,589,328
\$1.75 per hour increase - Jan 1, 2027	13,481,712	23,760,586	37,242,298
\$0.33 per hour increase for Trust - Jan 1, 2026 ^c	7,242,295	12,913,108	20,155,403
\$0.15 per hour increase for Trust - Jan 1, 2027	1,162,447	2,072,658	3,235,105
Steps	22,463,780	39,590,862	62,054,642
Other (parking, admin, prof dev, enhanced pay)	1,838,429	3,240,106	5,078,535
Totals	\$75,000,000	\$132,355,311	\$207,355,311

Footnotes:

a. Includes OHA Personal Care Attendants

b. As of this date, the base pay will be \$21.25 per hour for standard levels of care.

c. As of this date, the total trust contribution will be \$3.40 per hour.

The collective bargaining agreements driving these costs are already in place and impacting the agencies' budget. HB 5006 (2025) established a \$75 million special purpose appropriation to the Emergency Board for non-state employee collective bargaining, which is available to cover the request in 2025-27. For 2027-29, the estimated rollup cost for the ongoing compensation changes is \$72.4 million General Fund.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means acknowledge receipt of the report and recommend appropriating \$74,710,929 General Fund and increasing Federal Funds expenditure limitation by \$131,959,378 for the Department of Human Services; appropriating \$289,071 General Fund and increasing Federal Funds expenditure limitation by \$395,933 for the Oregon Health Authority; and decreasing the special purpose appropriation made to the Emergency Board for non-state employee compensation changes by \$75,000,000 General Fund, in a budget reconciliation bill during the 2026 legislative session, to cover estimated non-state employee collective bargaining costs.

Request: Report on non-state employee bargaining by the Oregon Department of Human Services (ODHS) and the Oregon Health Authority (OHA). Allocate \$74,710,929 to ODHS and \$289,071 to OHA from the special purpose appropriation (SPA) made to the Emergency Board for non-state employee collective bargaining, increase ODHS Federal Funds expenditure limitation by \$131,959,378 and increase OHA Federal Funds expenditure limitation by \$395,933 for the same purpose.

Recommendation: Acknowledge receipt of the report and approve the request during the 2026 Legislative Session.

Discussion: House Bill 5006 (2025) established a \$75.0 million General Fund SPA for allocation to state agencies for compensation changes driven by collective bargaining for workers who are not state employees. ODHS and OHA jointly request a SPA allocation to provide supplemental funding to support collective bargaining changes affecting in-home and community contracted services for individuals with mental illness, individuals with intellectual or developmental disabilities, physical disabilities, and senior citizens. Each agency's Legislatively Adopted Budget includes increases in the cost of care over time but does not account for the 2025-27 negotiated wage adjustments or other bargained changes for the employees and/or providers caring for clients.

The collective bargaining agreement included wage increases for home care workers and personal support workers as well as rate increases for adult foster care providers in ODHS Aging and People with Disabilities (APD), ODHS Intellectual and Developmental Disabilities (I/DD), and OHA's Medicaid Division. Home care workers and personal support workers are individuals employed by eligible Medicaid recipients to aid with activities of daily living in the client's home. Across APD and I/DD programs, there are an estimated 26,000 to 40,000 active home care workers and personal support workers providing services to over 24,000 Oregonians. Adult Foster Homes are single-family residences providing 24-hour staffing and assistance with activities of daily living in a community setting to individuals who struggle to care for themselves.

The current base rate for standard levels of care provided by this workforce is \$20.00 per hour. Pursuant to the 2025-27 collective bargaining agreement, the base rate increases to \$21.25 per hour on January 1, 2026, and will increase to \$23.00 per hour on January 1, 2027. Starting January 2026, the bottom step will be \$21.25, and the top step will be \$25.25. The step system is designed to increase retention and improve the quality of care by compensating more experienced workers at a higher wage. The new bargaining agreement does not include rate increases for Adult Foster Homes, as this has its own separate funding source.

In addition to the base rate changes, increases for every hour worked of \$0.33 effective January 1, 2026, and \$0.15 effective January 1, 2027, will be directed to both the Oregon Homecare Workers Benefit Trust and the Oregon Homecare Workers

Supplemental Trust to provide supplemental benefits for non-state employees (cost of insurance, paid time off, training, and other benefits for these workers).

Though ODHS and OHA are requesting allocation of the \$75.0 million SPA and associated Federal Funds expenditure limitation, it is important to note that the bargaining agreement costs are estimates. Future caseload increases may require the agencies to request additional funding in future rebalance actions. The initial estimates are shown below:

ODHS/OHA 2025-27 Estimated Cost of Non-State Employee Bargaining			
Personal Support Workers and Home Care Workers	General Fund	Federal Funds	Total Funds
\$1.25/hr increase - January 1, 2026	\$28,811,337	\$50,777,991	\$79,589,328
\$1.75/hr increase - January 1, 2027	\$13,481,712	\$23,760,586	\$37,242,298
\$0.33/hr increase for Trust - January 1, 2026	\$7,242,295	\$12,913,108	\$20,155,403
\$0.15/hr increase for Trust - January 1, 2027	\$1,162,447	\$2,072,658	\$3,235,105
Steps	\$22,463,780	\$39,590,862	\$62,054,642
Other (parking, administration, professional development, enhanced pay, etc.)	\$1,838,429	\$3,240,106	\$5,078,535
Total 2025-27	\$75,000,000	\$132,355,311	\$207,355,311

The increases under the 2025-27 collective bargaining agreement represent progress on increasing compensation for a critical workforce, which has historically been at the lower end of the health and human services compensation spectrum. Given inflation and the current state of the labor market, these compensation increases will play an important role in attracting and retaining workers and combating service disruptions.

Legal References:

- Increase the General Fund appropriation made by chapter 549, section 1(6), Oregon Laws 2025, for Oregon Department of Human Services for Aging and People with Disabilities by \$38,310,820 for the 2025-27 biennium.
- Increase the General Fund appropriation made by chapter 549, section 1(7), Oregon Laws 2025, for Oregon Department of Human Services for Intellectual and Development Disabilities by \$36,400,109 for the 2025-27 biennium.
- Increase the General Fund appropriation made by chapter 587 section 1(1), Oregon Laws 2025, for Oregon Health Authority for Medicaid by \$289,071 for the 2025-27 biennium.
- Decrease the General Fund special purpose appropriation made to the Emergency Board by chapter 628, section 3(1), Oregon Laws 2025 for compensation changes driven by collective bargaining for workers who are not state employees by \$75,000,000 for the 2025-27 biennium.
- Increase the Federal Funds expenditure limitation established by chapter 549, section 3(6), Oregon Laws 2025, for Oregon Department of Human Services for Aging and People with Disabilities by \$67,806,701 for the 2025-27 biennium.
- Increase the Federal Funds expenditure limitation established by chapter 549, section 3(7), Oregon Laws 2025, for Oregon Department of Human Services for Intellectual and Developmental Disabilities by \$64,152,677 for the 2025-27 biennium.
- Increase the Federal Funds expenditure limitation established by chapter 587, section 5(1), Oregon Laws 2025, for the Oregon Health Authority for Medicaid by \$395,933 for the 2025-27 biennium.



Oregon

Tina Kotek, Governor



December 12, 2025

The Honorable Senator Kate Lieber, Co-Chair
The Honorable Representative Tawna Sanchez, Co-Chair
Joint Interim Committee on Ways and Means
900 Court St. NE, H-178
Salem, OR 97301

Re: Joint ODHS|OHA request for General Fund and Federal Fund limitation for non-state employee bargaining from the non-state employee bargaining special purpose appropriation (SPA).

Dear Co-Chairpersons:

Nature of the Request

The purpose of this letter is to provide an update on non-state employee bargaining and to request funding from the non-state employee bargaining special purpose appropriation (SPA) for the costs of bargaining.

Agency Action

During the 2025 regular legislative session a SPA of \$75,000,000 General Fund (GF) was created for non-state employee bargaining, including the Oregon Health Authority's (OHA) Medicaid Division bargained rates for providers serving the Oregon Department of Human Services (ODHS) clients in Intellectual or Developmental Disabilities (I/DD) and Aging and People with Disabilities (APD) programs. The initial stages of bargaining have concluded with the following agreements:

ODHS Home Care Workers and Personal Support Workers

- Current base wage is at \$20.00/hr. The following increases will bring the base wage up to \$23.00/hr.: an increase of \$1.25/hr. starting January 1, 2026, and an increase of \$1.75/hr. starting January 1, 2027. Starting on January 1, 2026, an increase of \$0.33

and on January 1, 2027, an increase of \$0.15 for every hour worked will be directed towards the Trust which covers insurances, paid time off, trainings, and other benefits for workers.

- In addition to the hourly rate and Trust increases noted above, the following workers' benefits were also bargained: step increases, additional holiday pay, mileage rate, parking allowance, and Professional Development Certification (PDC) enhanced pay increases, and compensation for recording and submitting time.
- The net request for Home Care Workers, and Personal Support Workers, is \$74,710,929 GF and \$131,959,378 Federal Funds (FF) as follows:
 - For APD the allocation amount from the SPA is \$38,310,820 GF and an increase of \$67,806,701 FF.
 - For I/DD the SPA allocation is \$36,400,109 GF and an increase of \$64,152,677 FF.

If throughout the biennium actual costs for bargaining come in above what was allocated through the SPA, ODHS will address this in a future rebalance.

OHA Personal Care Attendants

- OHA Personal Care Attendants have bargained for similar increases as the ODHS Home Care Workers:
 - Current base wage is at \$20.00/hr. The following increases will bring the base wage up to \$23.00/hr.: an increase of \$1.25/hr. starting January 1, 2026, and an increase of \$1.75/hr. starting January 1, 2027. Starting on January 1, 2026, an increase of \$0.33 and on January 1, 2027, an increase of \$0.15 for every hour worked will be directed towards the Trust which covers insurances, paid time off, trainings, and other benefits for workers.
 - In addition to the hourly rate and Trust increases noted above, the following workers' benefits were also bargained: step increases, mileage, and Professional Development Certification (PDC) enhanced pay increases.
- The net request for Personal Care Attendants from the SPA allocation is \$289,071 General Fund and an increased federal funds limitation of \$395,933, for a total fund amount of \$685,004.

Action Requested

ODHS and OHA request acknowledgement of receipt of this report. In addition, ODHS requests \$74,710,929 GF from the SPA and \$131,959,378 FF limitation. OHA requests \$289,071 GF from the SPA and \$395,933 FF limitation.

Legislation Affected

OHA-MED

Oregon Laws 2025, Ch. 587 1(1) Increase General Funds \$289,071

Oregon Laws 2025, Ch. 587 5(1) Increase Federal Funds \$395,933

ODHS-APD

Oregon Laws 2025, Ch. 549 1(6) Increase General Funds \$38,310,820

Oregon Laws 2025, Ch. 549 3(6) Increase Federal Funds \$67,806,701

ODHS-I/DD

Oregon Laws 2025, Ch. 549 1(7), Increase General Funds \$36,400,109

Oregon Laws 2025, Ch. 549 3(7), Increase Federal Funds \$64,152,677

For more information, please contact ODHS Chief Financial Officer Rob Kodiriy at

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Sincerely,



Liesl Wendt, ODHS Director



Dr. Sejal Hathi, OHA Director

EC: Amanda Beitel, Legislative Fiscal Office
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